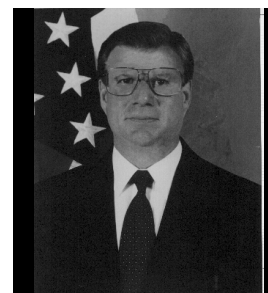


NOTES FROM THE:

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by Mr Steve E. Turner
F-16 Coproduction Program



The completion of this \$5.3B, politically sensitive program shows what can be accomplished when a team of truly dedicated Government workers get together to accomplish a common goal. The F-16 coproduction program required extensive finance and accounting support for the production and sale of 998 F-16 airplanes and their related support equipment, training, and services to four European countries.

The closing of the 23-year old program involved an extremely technically difficult and time-consuming accounting process by the Denver Center's DoD/F-16 Coproduction Financial Reconciliation and Closure Team in partnership with USAF organizations.

The F-16 cooperative program was implemented in 1975 under a Memorandum of Understanding (MOU) between Belgium, Denmark, The Netherlands, and Norway. The MOU outlines in great detail what was expected of the program, such as how costs would be shared and what work would be performed in which country. In the ensuing 23 years, the US delivered 998 aircraft, and substantial support equipment, training, and services. The fact that five nations worked together to produce a US-designed, state-of-the-art fighter aircraft was, historically, the first program of its type and received considerable attention at very high Governmental levels.

Since the contracts associated with the original MOU had already been delivered, the USAF and DFAS logistical and financial organizations needed to review, reconcile, and process any residual adjustments in order to certify program closure on behalf of the US Government. The certification guarantees that all contracted material and services were logistically complete and financially reconciled. It also was intended to assure that the DoD had exercised to the fullest extent possible its fiduciary responsibility associated with collecting and disbursing the \$5.3B received from the four foreign Governments. This was done.

In August 1998, the European and US Contractual and Financial Subcommittee agreed on necessary optimistic objectives to accomplish the certification by December 31, 1998. The resulting partnership between the Air Force and DFAS ensured rapid, accurate reconciliation of material and service deliveries, obligations, disbursements, and related transactions valued at over \$5B and involving literally hundreds of contracts and their modifications.

A close alliance was formed between the Air Force Security Assistance Center (AFSAC), the F-16 System Program Office (SPO), the Under Secretary of the Air Force (International Affairs) (SAF/IAE), DFAS-DE/I,

and its supporting Operating Locations at Dayton, San Antonio, and San Bernardino. A Case Closure Financial Reconciliation and Closure Team in DFAS-DE's Directorate for Security Assistance was established to work closely with all organizations and the foreign nationals. Even though each country funded their program separately, all four governments combined efforts to support close out of the \$5.3B program.

The F-16 SPO established a contract reconciliation team to gather missing information from contractors. They also tasked multi-player organizations to process transactions in the Contract Procurement Accounting System (CPAS). The contract for logistical spare parts at Ogden, funded through AFSAC, was one of the biggest reconciliation challenges and involved a large volume of work with a very short time frame.

The Denver Center's DoD F-16 Coproduction Financial Reconciliation and Closure Team played a critical role by reviewing each piece of the 23-year financial history for all four participating countries. The DFAS team provided detailed adjustments to external organizations for processing through the various systems that support the \$5.3B program. The group also reconciled and input adjustments into their own DoD central system for security assistance and ensured all participants understood the reasons for the adjustments and how to process them. They relied heavily on external financial organizations to process transactions and ensure both expenditures and obligations were recorded to the appropriate contracts and contract line numbers.

While the adjustments were not considered large in value compared to the total program, the reconciliation and adjustment process was essential in order to provide an accurate audit trail, for internal control, and to assure the foreign financial managers that the US Government had expended funds accurately and prudently.

In October, the DFAS-DE team hosted weekly teleconferences to discuss the direction of the program and the problems being encountered. These conferences proved invaluable to meeting the short closure timeframe.

Everyone took great pride in their work and provided an effort above and beyond the requirements of their daily duties to accomplish this common goal. It was truly a partnership for success. The feedback has been exceptionally positive from all organizations involved and garnered a letter of appreciation from the US Under Secretary of Air Force for International Affairs.